

Update on the Economic Impact of COVID-19

The COVID-19 outbreak, coupled with the collapse of oil prices, has resulted in volatility and unpredictability in all world markets, with equity markets declining even faster than during the financial crisis in 2008.

With government steps taken to suppress the outbreak, such as self-isolation, cancellation of large gatherings and shut downs of all non-essential services in some regions, the impact to the Canadian economy is very significant. Further, the limitation of social contact has left Canadians and the Jamat feeling anxious and uncertain. These steps have been instituted to help flatten the infection curve, which if successful, may temper the duration and severity of the economic impact. However, for now, it seems that a Canadian recession appears highly likely.

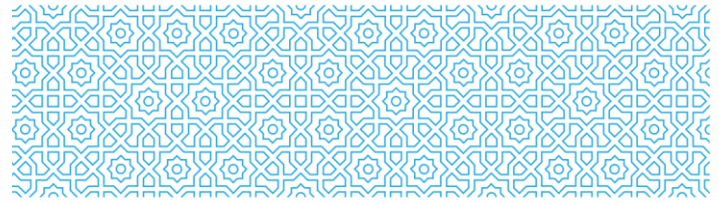
Federal and Provincial governments have taken significant steps to help households and businesses through these challenging times. Measures are being unveiled almost daily to provide relief and improve confidence.

The Aga Khan Economic Planning Board for Canada (AKEPB) has compiled a list of [Government and Banking support programs](#) which can be accessed on the iicanada website. In addition, it has compiled a list of [General Resources](#) for small businesses and individuals relating to COVID-19. Specific live and pre-taped webinars in areas such as the economy, EI benefits, mortgage and rental payments, and employment are being presented and hosted on the website. In addition, the AKEPB offers an advisory service for individuals who may have questions on personal finances, employment matters and business. Members should call the ACCESS number (1-888-536-3599) to obtain this service

Below are additional observations from various publications and government sources. These are intended to be of a general nature and should not be considered to be legal or financial advice. ***For these matters, the Jamat should seek appropriate advice from their financial advisor, accountant, legal adviser or tax professional***

- Economic activity across a wide range of industries will likely be stalled over the near to medium term including travel, hotel, hospitality, retail and restaurant businesses
- Declines in business investment and exports are expected to continue, while tourism and household spending on services are sharply decreasing
- The economic impact will vary regionally. Ontario faces vulnerability, with the recent severe downturn in financial markets and supply-chain disruptions; B.C. will likely face exposure with a decline in tourism; Alberta will feel the effects of low commodity pricing well into the future





- As expected, the housing market has been impacted and sales are likely to stall for the duration of the COVID-19 crisis.
- It is expected that growth will resume slowly across most provinces once the COVID 19 crisis passes and confidence recovers – particularly with the resumption of services, travel and trade. Recovery in commodity focused provinces may be prolonged further if resources prices do not recover quickly.

Relief Programs and Fiscal Measures

- The major banks have announced increased flexibility on mortgage and loan payments, geared toward helping small and mid-sized businesses and consumers to weather the economic storm. The Bank of Canada has cut its benchmark interest rate twice since the beginning of March to 0.75%
- The Government of Canada has announced financial and tax measures worth \$82 billion in response to COVID-19. This includes \$27 billion in direct support for individuals and companies and \$55 billion in tax deferrals for both households and businesses
- Other programs include funding for businesses and households, easier eligibility for sick pay, and deferred tax filing deadlines and payments

Businesses and individuals should review government measures to determine whether they may qualify for government support. We encourage businesses to initiate a risk assessment for each area of their enterprise, with at least a 6 month horizon, to ensure they are prepared for all uncertainties.

The Council for Canada is monitoring the situation and will continue to keep the Jamat informed of any further significant developments.

